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Held at the Palais des Nations, Geneva,
on Tuesday, 1 July 1997, at 3 p.m.

President: Mr. GALUSKA (Czech Republic)

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The meeting was called to order at 3.05 p.m.

OPERATIONAL ACTIVITIES OF THE UNITED NATIONS FOR INTERNATIONAL DEVELOPMENT COOPERATION:

(a) COORDINATION OF ACTIVITIES ON A SYSTEM-WIDE BASIS: FUNDING FOR OPERATIONAL ACTIVITIES FOR DEVELOPMENT: IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 50/227 (agenda item 3 (a)) (continued) (A/52/155-E/1997/68, E/1997/65 and Add.1 and E/1997/78)

Ms. HAGA (Observer for Norway) said that her Government was responding to the call for mobilization of resources for sustainable development by more than meeting the Official Development Assistance (ODA) goal of 0.7 per cent of gross national product (GNP) established by General Assembly resolution 50/227. However, although the United Nations system was facing greater demand for action on the part of the global community, ODA had shrunk to an all-time low of 0.27 per cent of GNP and only a handful of countries had attained the goal of 0.7 per cent.

Over the years, the United Nations system's economic and social activities had developed a complex system of funding mechanisms. Fewer than 10 countries covered 80 to 90 per cent of the core budget, leading to excessive dependence and unfair burden sharing. The system of voluntary pledges for the financing of development activities had led to an unpredictable resource base, and the growing emphasis on extrabudgetary funding fragmented the system, undermined the role of governing bodies and made coordination within the system more difficult.

Norway and the Nordic countries had called for a new funding arrangement which would ensure predictability and continuity, increase burden sharing among Member States and encourage broader responsibility for the financing of development activities. Administrative costs should be shared by all members and there should be a clear connection between programmed activities and funding. The Nordic United Nations Reform Project of 1996 proposed a funding model based on a system of assessed, negotiated and voluntary contributions.

Assessed contributions would cover the administration of funds and programmes at the country and headquarters levels and could be based on the existing scale of assessment, on a separate scale for development activities based on the existing scale, or on a separate scale specific to development activities.

Core programmes of the development system could be financed through negotiated contributions or through replenishment of core programmes within the framework of the proposed United Nations development group. Negotiated contributions would establish clear links between programmes and financing; however, they would have the disadvantage of vulnerability, as had been seen in the most recent International Development Association (IDA) negotiations.

Extrabudgetary activities could be financed through voluntary contributions which might include financing linked to specific programmes, broader global funds within individual organizations or joint undertakings by several United Nations agencies or between United Nations agencies and the Bretton Woods institutions. The aim should be to establish a clear link between the broader sectoral and thematic programmes and the core programmes which would be financed through negotiated contributions.

It was also important to find new funding sources for development activities, including the private sector. Her Government supported exploration of the possibility of a tax on aviation fuel, non-renewable energy or the use of credit cards.

As prospects for a comprehensive reform of the United Nations development system diminished, the trend towards a reduction in core resources and increased earmarking might continue, hampering the system's ability to carry out its advocacy role. Her delegation welcomed the Secretary-General's plan to present financial proposals on 16 July 1997. It would prefer a mechanism including assessed contributions or, failing that, negotiated contributions supplemented by voluntary ones.

Mr. NICULESCU (Romania), having endorsed the statement by the representative of Luxembourg on behalf of the European Union countries, said that three aspects of the Secretary-General's report (E/1997/65) seemed particularly important: harmonization, capacity-building and the role of the resident coordinator.

The proposals for reform to be submitted by the Secretary-General would be of key importance for the discussion at the Council's current session. Harmonization of the United Nations system should include the funds and programmes but also relations with the specialized agencies, the Bretton Woods institutions and other major participants in development financing, including the private sector. The programming cycles of all agencies should be in step, since that was essential to the development of country strategy notes (CSN),

implementation at the national level and the resident coordinators' activities. Harmonization of procedures and, in particular, budgets, at the country level - where the resident coordinator played a fundamental role - and of goals and activities at the regional and central levels should be pursued.

It was unfortunate that the regional commissions had not been consulted in the preparation of the regional cooperation framework recently adopted by the Executive Board of the United Nations Development Programme (UNDP)/United Nations Population Fund (UNFPA).

The programmes of action adopted at recent United Nations world conferences had helped to increase the interest and participation of international financial institutions, non-governmental organizations (NGOs) and other major groups. The Council could provide an opportunity for in-depth dialogue between government representatives and participants in the follow-up to conferences, which might lead to better coordination and the long-term harmonization of specific activities.

The Secretary-General's report suggested that the United Nations system should continue to pursue and develop a common understanding of capacity-building (E/1997/65, para. 17). Those efforts should be accompanied by an attempt to identify the specific needs of each country, since a common understanding did not preclude the need for action tailored to the needs of its beneficiaries. Any effort to define capacity-building should identify challenges to national development in the context of increased interdependence between national economies and the participation of non-governmental actors. The Council had the necessary expertise and the mandate to coordinate activities in the economic and social sectors which would allow it to open the debate.

The ongoing reform of operational activities on the basis of General Assembly resolutions had established the resident coordinator system as the essential factor in the coordination of activities and programmes at the national level. The annual session of the Executive Board of the United Nations Development Programme/United Nations Population Fund (UNFPA) had recently decided to reorganize UNDP so as to decentralize its activities. His delegation supported that approach, which reflected the need to harmonize

activities, increase efficiency, reduce costs, rationalize the use of resources, and simplify dialogue with the Governments of recipient countries.

However, the resident coordinator posts must be filled by highly qualified individuals with professional experience, managerial abilities, flexibility and wisdom. Success of the resident coordinator system would require a change of attitude on the part of all United Nations agencies and would depend primarily on support from headquarters.

Mr. ÇELEM (Turkey) said that the United Nations development agenda must be implemented in an increasingly global world economy where growth and sustainable development went hand in hand with interdependence and the risk of instability, marginalization, and fragmentation of societies. Countries entered the new system from very different starting points. As a result of insufficient institutional and legal frameworks, human resources, supply capacities and supporting social policies, the developing and, in particular, the least developed countries (LDCs) had difficulty in deriving maximum benefit from, and coping with, the inherent challenges of development. The international community, the United Nations system and the developing countries themselves, should work together to address those problems.

While Governments were primarily responsible for creating the domestic environment and infrastructures necessary to growth and development and providing the appropriate political and social conditions for economic liberalization, the United Nations could offer a global vision and support operational activities to supplement the efforts of the developing countries. His delegation supported ongoing activities to make the Organization's operational activities more efficient and cost-effective and considered that those measures should be accompanied by more rational, effective, innovative and predictable funding mechanisms. The political will and constructive contributions of the donor community, Member States and other governmental and non-governmental organizations were essential if funding was to be ensured on a universal, voluntary basis.

Complementarity and harmony must be maintained between the mandates, mission statements and general priorities of the agencies involved in United Nations operational activities, which should take into consideration the policies and development priorities of the beneficiary countries. United Nations reform should take account of the mandates of the various

sectoral and specialized entities and ensure that major decisions on funding arrangements remained vested in their governing bodies.

Particular attention should be given to strengthening operational activities at the regional and subregional levels in order to ensure a better response to the conditions and environments of specific regions. The United Nations system should cooperate closely with other regional and subregional economic groups to prevent duplication, make optimal use of scarce resources and enhance capacities through networking, transfer of expertise and normative guidelines. It was important to build a lasting partnership between developed and developing countries, multilateral organizations and institutions, Governments and civil society and the public and private sectors as a means of achieving human-centred sustainable development and of providing new resources.

Ms. BERGERON (Canada) said that the fundamental principles of United Nations operational activities - their universality, voluntary and grant nature, neutrality and multilateralism - had been clearly articulated in General Assembly resolutions and should guide the Organization's work in development assistance. Core resources were a primary financing tool for the United Nations agencies. The trends in core and non-core resources were not encouraging and, although the current climate was not conducive to substantial increases in ODA resources for multilateral activities, efforts must be made to stop their erosion.

It was imperative that funding for operational activities should be managed efficiently and effectively to ensure that it was used on the ground, where it was most needed. Some resources for development programmes could be generated by increased efficiency at the system level, including enhanced use of common services in the field and at Headquarters, and by a more efficient and accountable United Nations system to which her delegation hoped that the Secretary-General's Track Two proposals would contribute.

It was also important to identify ways of obtaining additional resources, including non-governmental funds from the private sector and international foundations and the possibility of enlarging the donor base. The fact that 90 per cent of core resources came from 10 per cent of Member States made it difficult to provide a solid financial basis for a

reliable development system, and countries that had made significant progress in their own development efforts should be encouraged to contribute to the development of their needier partners.

Efforts must be made to ensure a better balance between core and non-core resources; while the former were of primary importance, the latter had a growing role in operational activities and must respond directly to the mandate and objectives of the individual agency.

Development funding must be provided on a more secure and predictable basis. Multi-year funding schemes involving cycles of programming, execution and monitoring and the possibility of linking programming with accountability should be explored in an effort to ensure that voluntary undertakings, which were expected to remain the main channel for development financing, were translated into firm commitments. Her delegation endorsed the Secretary-General's recommendation that the Council should establish an appropriate process for further consultations on possible means of placing the agencies on a sounder financial footing.

Mr. MABILANGAN (Philippines) having endorsed the statement by the spokesman for the Group of 77, welcomed the progress reported by the heads of the United Nations agencies in the implementation of General Assembly resolution 50/227 but emphasized that the process should be completed as quickly as possible. The resident coordinator system should be strengthened and backed by financial resources commensurate with its responsibilities. The existing administrative support structures of the various agencies should be streamlined to make additional resources available to the resident coordinator system.

The United Nations Development Assistance Framework (UNDAF) should be established and anchored in the Country Strategy Note (CSN), if one existed, or an equivalent document spelling out the development priorities of the Member State in question. The next steps in the reform process should include a timetable for completion of the strengthening of the resident coordinator system, capacity-building and technical assistance for Member States without a CSN or equivalent, and acceleration of reforms to rationalize coordination of the regional programmes.

Completion of the reforms of field-level coordination and capacity-building were necessary but were not sufficient to achieve the aims of resolution 50/227. Resources to support the operational activities of the

funds and programmes must increase in a continuous and predictable manner in order to meet the needs of developing countries.

The Philippines, like other developing countries, had supported many reforms undertaken to make United Nations agencies more attractive to donors, including restructuring of their governing bodies, modification of programme arrangements in resource allocation and streamlining of areas of activity, but had yet to see any increase in their resources. The Member States had agreed, through General Assembly resolutions, that the overall reform process would be accompanied by a substantial increase in resources for operational activities on a predictable, continued and assured basis commensurate with the increasing needs of the developing countries. It was only fair that that agreement should be respected.

Lastly, in order to ensure the effective use of United Nations resources for economic and social development, it was important to strengthen coordination with other multilateral and intergovernmental agencies such as the Bretton Woods institutions.

Mr. CHOWDHURY (Bangladesh), having endorsed the statement by the spokesman for the Group of 77, said that a number of aspects of the topic under discussion demanded special attention. Development should be people-centred and participatory. Civil society should be fully involved in the process and the activities of the United Nations agencies should be directed to that end. An important focus of those activities should be the building of national capacity for sustainable human development, both in the Government and in civil society.

The programme approach remained an important element in integrating the efforts of the United Nations system with national priorities and plans and in mobilizing adequate resources. United Nations operational activities should also promote greater South-South cooperation, as well as regional cooperation through the strengthening of regional institutions and economic groupings. Any reform of those activities should be relevant to the needs of the developing countries and take account of their interests and experience.

Priority attention should be paid to those countries whose needs were greatest, particularly the African and least developed countries (LDCs). The

programmes for those countries must be well coordinated, at both the headquarters and field levels, to ensure greater efficiency and effectiveness. Better governance, accountability and transparency were important elements in the efficient use of resources and should be given very high priority in the policy framework of all countries.

The continuing decline in core resources for the United Nations agencies had serious implications for the future. The agreement reached in General Assembly resolution 50/227 should be borne in mind. In any reform exercise relating to operational activities, it should be remembered that the resident coordinator system had been working well, although it might need further refining. The linkage between the CSN and the UNDAF needed to be clarified and clearly understood by all concerned.

The executive boards of the various agencies should establish clear priorities for their activities and be guided by them in their country programmes. The amalgamation of executive boards might well have a negative impact on the programme activities of their respective agencies. Serious thought should be given to new funding mechanisms and some of the ideas presented at the previous meeting should be further explored. Pledging conference machinery should be re-examined so that appropriate ways of ensuring increased funding commitments could be identified.

His delegation was particularly appreciative of the important statements made at the previous meeting by the Executive Directors of the United Nations Children's Fund (UNICEF) and United Nations Population Fund (UNFPA). Both agencies had done much to promote human development in the developing countries under their respective mandates and his delegation strongly supported the strengthening of their operations through increased operational autonomy and flexibility.

United Nations operational activities were a key component of broader international cooperation for development and an example of the partnership to which the spokesman for the European Union had referred. The Council's deliberations and recommendations should reflect that partnership appropriately.

Mr. AMORÍM (Brazil), while noting the efforts made to promote operational efficiency and coherence, said that the United Nations would be

unable to engage in effective follow-up to the world conferences on development unless it addressed the more crucial issue of the level and nature of funding.

Resources were necessarily limited in the developing countries and adequate structures to operationalize cooperation typically lacking. Additional resources might still, however, be mobilized from both the public and private sectors, providing that the innovative strategies used were properly adapted for local use, and not merely transposed from a developed context. More resources from developed countries could be actively channelled into encouraging "triangular" South-South cooperation and the development experience of developing countries should be harnessed to the full in such cooperation, since experts and products from the South were cheaper and often better adjusted to the realities of other developing countries.

Latin America had seen an increase in cost-sharing, which had involved the pooling of resources from governments (both local and national) UNDP core resources and funds from other sources such as the World Bank. Thus, in his own country, UNDP had mobilized approximately US$ 500 million by the end of 1996, only US$ 9 million of which had come from its core resources. Cost-sharing enabled the United Nations development system to be used to further sustainable human development, and the country's own financial contribution strengthened its sense of programme ownership. Other recipient countries might benefit from Brazil's experience, notably the LDCs and countries with economies in transition. Wider dissemination of the cost-sharing arrangement would release resources for other activities.

Several of the proposals for innovative sources of funding (such as international taxation) were probably unrealistic; others shifted the financial burden of implementing international commitments to developing countries. Innovative sources were, indeed, worth investigating, but as a means of generating additional resources, and not as a potential solution to the funding crisis. An effective solution hinged above all on the political will of developed countries to attain their ODA targets.

Although the concept of "donor fatigue" had become widespread, "recipient fatigue" and frustration with broken promises tended to be less well highlighted. The expectations of the poorer countries had not been fulfilled and hopes were giving way to suspicion. The global partnership which had emerged from the various world summits was being rapidly eroded,

endangering international cooperation for development and threatening the effectiveness of the United Nations in all arenas, including the environment, human rights and even peace and security. The international community did have the power to halt the spread of donor fatigue. Its causes could be debated ad infinitum, but what was needed was action. Such was the true mandate of the Charter.

Ms. DURRANT (Jamaica), having endorsed the statement by the spokesman of the Group of 77 and praised the thoroughness of the Secretary-General's reports (E/1997/65 and Add.1-4), said that it was vital that the impact of operational activities at country level be strengthened since they were instrumental in managing development processes in many countries. The question of funding operational activities and the efficient utilization of resources had become all the more urgent since the developing countries had to adapt to changes in the world economic environment.

Her delegation, which was encouraged by the frank exchange of views between the heads of agencies and representatives of Governments that had taken place on measures to strengthen the delivery of operational activities, believed that the Council's role as the central coordinating mechanism must continue to be strengthened through interactive debates on issues of direct relevance to the Member States.

Since declining resources would have a negative impact on the delivery and success of programmes in developing countries, the provision of predictable, continuous and assured funding was vital. The United Nations agencies relied heavily on core funds, and the continued decline in those funds (E/1997/65/Add.1) was thus a cause for alarm. Non-core funds, typically allocated for specific purposes, must not be seen as a substitute for core funds, and the voluntary nature, neutrality and multilateralism of operational funds must be maintained.

Capacity-building was, indeed, the "missing link" in development, for it served to enhance skills and competence, and thus contributed to sustainability. Field level coordination was also crucial.

In her own country, the national execution modality had served as the main mechanism for implementing UNDP-funded projects, and that had resulted in a sense of local ownership of programming, promoting self-reliance and enhancing national capacity. Her Government had worked with the various agencies to develop public sector skills and help train personnel.

In Jamaica, the Resident Coordinator also coordinated the donor/lender group which had proved most effective, especially in information-sharing. Relevant information on the development activities of the various agencies was currently being collated in the form of a database, with greater transparency helping to eliminate duplication in the country's development programmes.

The resident coordinator's role must be clearly delineated to avoid confusion and duality. As the Executive Director of UNFPA had pointed out, the resident coordinator system must be divorced from personalities and based on highly skilled staff and common performance-evaluation criteria. It was also vital to ensure that United Nations objectives did not conflict with national priorities; closer collaboration with Governments would ensure greater impact at the operational level. The resident coordinator must be sensitive to country-specific needs and respect the national ownership of the development process. Furthermore, funding for core resources must be re-examined to incorporate the concerns of Governments wishing to have access to those funds.

At the operational level, there must be clear demonstration of the benefits of a multilateral approach to global problems, with a view to generating public support and promoting international commitments. The involvement of civil society, non-governmental organizations (NGOs) and the private sector must be increased, particularly in the follow-up to the global conferences. Greater emphasis should be placed on South-South cooperation.

Mr. SHAH (India), having endorsed the statement by the spokesman for the Group of 77, said that the agenda for development adopted by the General Assembly stressed that development was "one of the main priorities of the United Nations". Achieving a higher quality of life for all people was indeed a multidimensional undertaking. Since the United Nations was "about people", any discussions on operational activities for development must be seen in the context of sustained economic growth and development, which must top the Organization's agenda.

International cooperation was an important dimension of United Nations developmental activity, and it was only right that its funding should form a topic for a high-level debate. The question of increasing resources in keeping with the evolving needs of recipient countries and of enhancing the effectiveness of operational activities was of continuing concern to all Member States, and an essential element of the reform process.

While welcoming the successful efficiency measures which had been implemented, he stressed that reforms were no substitute for resources. The Agenda for development had made it clear that the capacity of the United Nations agencies to respond to the needs of developing countries was being jeopardized by a persistent inadequacy of resources. Insufficient action had been taken to reverse the decline in core funding.

It was indeed imperative that the fundamental characteristics of United Nations development assistance be maintained, especially given the sharp declines in ODA flows.

A small number of countries were the prime contributors to both core and non-core funds. The Secretary-General's report had made several thought-provoking proposals for addressing the decline in resources available. Innovative funding must not, however, become an excuse for reducing governmental commitments to funding operational activities.

Political will must be mobilized to ensure that existing commitments were honoured in a spirit of true global partnership. The developing countries must not be expected to shoulder alone the financial burden of international commitments. While it was imperative that South-South cooperation modalities should play an important role, the long-term effectiveness of United Nations operational activities could be ensured only through increased predictable funding which would take into account criteria such as per capita income and the effectiveness of aid utilization. Existing mechanisms such as the annual pledging conference needed to be scrutinized with a view to improving their capacity for mobilizing additional resources.

Mr. GARCIA MORITAN (Argentina) said that he welcomed the specific recommendations in the Secretary-General's reports on the funding of United Nations operational activities for development. He also welcomed the opportunity to discuss the topic of funding at the current high-level segment of the session, in preparation for the next triennial policy review in the context of the implementation of General Assembly resolution 50/120.

The need to increase resources to meet the ever-growing needs of the recipient countries and to ensure a more stable and predictable funding system was a matter of constant concern to his Government and an essential element of the reform process. Emphasizing the importance attached by his Government to United Nations operational activities for development, he noted that, without

adequate funding, it would be very difficult for the United Nations development agencies to carry out their respective mandates.

Conscious of the financial limitations of the United Nations and of the restrictive conditions imposed by some major donor countries, his delegation urged that a mechanism be established whereby financial goals would be set for each of the programming cycles of the various agencies. In that connection, it supported the idea of considering the possibility of eliciting additional contributions from non-governmental sources, including private international organizations, and the private sector. To enhance coordination at the national and regional levels, the role of the resident coordinator should be strengthened and his planning and programming coordination responsibilities and powers increased, in close consultation with Governments, as part of the preparation of the CSNs.

There was a link between contributions and efficiency and it was important that any increase in funds should be accompanied by improvements in development programmes and by an agreement between donor and recipient countries regarding the more effective utilization of resources in accordance with the priorities set in national plans. His delegation hoped that the reform initiatives introduced by the Secretariat would help to make the operational activities of the United Nations agencies more efficient and effective.

Mr. AGURTSOU (Belarus) said that the priorities of operational activities should be to strengthen international cooperation for development, and concentrate resources available on key areas. Operational activities should be carried out in the interests of recipient countries, at their request and in accordance with their own policies and priorities. The underlying principles must be universality, neutrality and multilateralism.

General questions relating to financing mechanisms should be considered in the General Assembly's triennial policy review, including the link between financing and programmes. The Council should discuss the general financial situation of the agencies and make recommendations both to the agencies themselves and to the General Assembly. His delegation supported measures to harmonize budgetary presentations.

In allocating resources, priority should be given to low-income countries, particularly the LDCs, while taking into account the special requirements of the countries with economies in transition, in accordance with

General Assembly resolution 50/227. It would also be necessary to devise innovative funding mechanisms, drawing upon national private-sector and new international sources, but they should be considered only as additional sources and not as substitutes for existing funding methods.

His delegation shared the concern expressed by several speakers that many United Nations resolutions and decisions on the provision of financial resources on a continuing and predictable basis remained unimplemented. Another important problem was how to enhance the effectiveness of programme activities, and make optimum use of the available resources.

Mr. SINYINZA (Zambia) said that reforms to system-wide operational activities, essential though they were, seemed unfortunately to be cloaking a loss of faith in the ability to pursue the common good. The key challenge facing the United Nations during the period of reform was to strike a balance between delivery and structural change. The harmonization of rules and procedures did not, however, appear to be leading to a simplification of programming processes, as recipient countries desired, and concerns with coordination might be diverting attention from delivery issues.

Decentralization and devolution of authority to the field level were making only slow progress. Increasing financial resources was also being seen as peripheral to development cooperation, and was spoken of only in the past tense. Scepticism, especially on the key issue of funding, was an obstacle to progress, and a selective style was slowly becoming the norm. A consensus should be developed on how to use private-sector funds and the possibility of introducing negotiated pledges or assessed contributions considered.

Whatever options were chosen, the multilateral nature of current funding modalities, and particularly the principles of universality, and impartiality, and the priority allocation of resources to low income and least developed countries, must be protected. Resource mobilization must be supported by a new political will, with a return to the clear division of responsibilities that had once existed.

Mr. RAZA (Observer for Pakistan) said that it should be possible for the members of the Council to agree on specific ways of enhancing the funding of operational activities since there was agreement that those activities had an invaluable developmental function and that their funding was at an unacceptably low level. Among the suggestions that had been made was one that the private sector, including NGOs, should be tapped for funds. In

that case, it was important to consider how much funding was likely to be available, what the experience of the United Nations agencies had been in that regard, particularly in respect of the terms and conditions attached to such contributions, and what policy adjustments would be needed to attract private-sector funding. His delegation's initial reaction was that the potential for mobilizing such funds was not likely to be commensurate with the needs and that there was a distinct possibility that the basic mandate and character of the United Nations operational agencies would be compromised.

It had also been suggested that future funding would depend on further reforms of the United Nations agencies, leading to enhanced effectiveness and thus increased support. His delegation was not convinced that there was a causal link between reforms and increased financing. The United Nations agencies had been undergoing reforms for many years but they had not resulted in any increase in funding. It had been further suggested that the adoption of well-defined priorities and a clearly defined relationship between the tasks and the resources required to carry them out would attract greater funding.

It was not, however, a lack of clear priorities or an absence of linkage between priorities and resources that had resulted in the decrease in funding. In the case of UNDP, for instance, there had been a clear understanding that a minimum amount of about 1 billion dollars per annum would be needed for the next three years, based on an agreed and costed work programme, but that notional target had not been reached.

Another proposal was that there should be unified pledging for all programmes and funds. There again, his delegation doubted that that would result in greater funding and there was a distinct possibility that well-managed and well-regarded agencies might suffer, since donors could not be sure that the resources thus provided would reach such agencies.

The reasons for the increase in non-core funding should be carefully explored and the necessary lessons drawn. His delegation would welcome a frank discussion of the topic although its perspective with regard to the increase in trust funds might well be different from that of the donor countries. A close examination should be made of the impact of the increase in non-core funding on the agencies' basic mandates. The secretariats, in particular, were politely noncommittal about the specific impact of non-core funding, because it strengthened the financial position of their agencies.

The expressed willingness to reallocate the resources released by the reform process was encouraging and the channelling of such savings to operational activities was undoubtedly an area to be examined. So far, however, the experience had been a disappointing one. The dramatic reforms to UNCTAD, for example, had not resulted in any benefit from the undoubted savings, and that did not augur well for the other United Nations funds and programmes.

His delegation looked forward to productive consultations on the matter. He would stress, however, that any specific recommendations should seek to strengthen the financial basis of United Nations operational activities while at the same time respecting the fundamental features of those activities: namely, their universal, neutral and demand-driven character. If the Council proved capable of submitting such recommendations to the General Assembly, it would have done its work well.

Mr. IBRAHIM (Malaysia), having endorsed the statement by the spokesman for the Group of 77 and the views expressed by the representative of Thailand, said he agreed with previous speakers that, while non-core resources might be particularly attractive to some donor countries, they must not be allowed to detract from the importance of core resources to the extent that the neutral and multilateral character of United Nations agencies was jeopardized. His delegation supported the annual pledging conference as a mechanism by which countries could exercise their political will.

The reform effort already under way and the impending announcement by the Secretary-General of his Track Two reforms must not encourage donor countries to pursue reform for its own sake. The purpose of the reforms was to enhance effectiveness and efficiency, but they should be balanced by increased funding and not used as an excuse for the opposite.

His delegation was in favour of bringing the private sector into the mainstream of development and the possibility of doing so should be explored, but not at the expense of ODA. Unfortunately, at a time when ODA was at its lowest level for 10 years and the needs of the LDCs more pressing than ever, there was no clear indication of any commitment to increased government funding. Nevertheless, his delegation would give careful consideration to any specific recommendations aimed at increasing the resources for operational activities.

Mr. TREMEAUD (Assistant Director-General, International Labour Organization) said that a new vision of how the United Nations system should work at the country level was beginning to emerge. On the basis of a broad common agenda established by the global conferences, a policy dialogue would be conducted with national authorities, leading to a CSN or similar document to provide a broad framework for development cooperation, leading to the formulation of specific strategies for local implementation with the assistance of the resident coordinator. The establishment of the United Nations Staff College Project, at the ILO International Training Centre, was a practical contribution to the realization of that vision.

An effective system of financing operational activities for development, "on a predictable, continuous and assured basis", was of cardinal importance and required the design of a machinery that ensured that resources were channelled in ways that supported the complementary functions of the different components of the United Nations system. That objective was far from being achieved as the report on trends in core and non-core funding (E/1997/65/Add.1) showed. There had been a decline in core funding of the technical cooperation activities of the specialized agencies, accompanied by a relative increase in resources from non-United Nations system partners. One consequence was that the various different parts of the United Nations system were being forced to compete for scarce resources at the very time when they were being urged to work more closely together. Another was that central financing bodies with diminishing resources, particularly UNDP, were increasingly themselves carrying out technical operations that had previously been conducted by the specialized agencies, while the latter were acting as financing agencies in their attempt to mobilize resources.

Those were developments that had not been sufficiently taken into account in recent General Assembly and Council resolutions. A new system of financing was, therefore, required for the purpose of: obtaining the resources necessary for priority programmes; establishing a strong link between practical and normative activities; and achieving complementarity between voluntary contributions and those coming from the regular budget. That would imply that core resources should be allotted to assistance to countries in drawing up overall strategies; that UNDP core resources should be used to ensure that full use was made of the technical advisory capacity of the specialized agencies, and that specialized agencies' work programmes

financed by the regular budget contributed to the formulation and implementation of national programmes; that beneficiary countries made full use of all relevant parts of the United Nations system; and that the resources mobilized by specialized agencies from multi-bilateral donors contributed to that overall effect.

Mr. DUVIEUSART (Director, Bureau for Extrabudgetary Resources, United Nations Educational, Scientific and Cultural Organization) said that his organization's view of the situation was based on: the decline in ODA; the extremely rapid growth of private capital flows to a limited number of developing countries; and the extension of cooperation policy to cover the social and human dimensions of development. With the last-mentioned had gone a shift away from the exclusive pursuit of economic growth and rigour towards human development and social aspirations, where UNESCO could make a greater contribution.

The increase in private capital flows was in itself a welcome development, but ODA was also required to ensure that imbalances, particularly those affecting the least well off, did not occur. Strategical alliances were required between the Bretton Woods institutions, United Nations funds and programmes, and the specialized agencies, which had a vital role to play in

the new situation. Their primary function was to establish a political dialogue with Member States, help them to analyse the needs of their peoples, and prepare investment and development programmes attractive to donors. They could also help to strengthen national capacities, particularly with regard to the execution of programmes and projects.

The meeting rose at 5.05 p.m.